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C O N F I D E N T I A L SECTION 01 OF 04 PHNOM PENH 000534

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STATE FOR EAP/MLS; NSC FOR HOLLY MORROW

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SUBJECT: CAMBODIAN PM DISCUSSES UPCOMING BURMA TRIP WITH
DAS JOHN

REF: REFTEL: PHNOM PENH 109

Classified By: Acting DCM Margaret McKean; Reason 1.4 (b), (d)

11. (C) Summary. During an April 4-7 visit to Cambodia, EAP DAS John met with PM Hun Sen and FM Hor Namhong on US-ASEAN relations, the PM's planned visit to Burma in May, North Korea, elections, and Cambodia's bilateral debt to the U.S. The PM claimed that the ROK and Japan are using Cambodia to quietly speak with the DPRK; nevertheless, he said Cambodia would support a US-ASEAN Summit statement on the Korean Peninsula. The PM plans to visit Burma from May 21-24, and reassured DAS John that Cambodia's policy towards Burma mirrors that of the USG. The PM hopes to meet with Aung San Sui Kyi during his trip, and has requested FM Hor Namhong to travel to Burma during the first week of May to assess the situation and plan for the PM's trip. Hun Sen was pleased with Cambodia's recent commune elections, but noted concerns over voter participation and turnout. On Cambodia's bilateral debt to the U.S., the PM said he hopes negotiations can be concluded in the near future; Russia is proving to be more problematic. With FM Hor Namhong, DAS John reiterated many of the same themes regarding ASEAN. The MFA and DAS John discussed the TAC and prospects for USG consideration. End Summary.

North Korea

12. (C) On April 6, DAS John met with PM Hun Sen, who opened the discussion by asking about North Korea and prospects for continued dialogue. DAS John mentioned the problems with the financial transfer of USD 25 million in DPRK funds held in a Hong Kong bank, and noted that the USG anticipated the issue would be resolved soon and negotiations would get back on track. Hun Sen responded that he was grateful to hear of USG optimism, adding that the North Koreans are in touch with the RGC. He specifically mentioned that the South Korean President has requested Cambodia to convey points to the DPRK regarding ROK good intentions toward North Korea; Hun Sen hinted that the Japanese are also using Cambodia to relay messages to North Korea. The PM added that North Korea appears pleased with the position of the South Korean government ("maybe because they are both Korean") but the North Korean position on the kidnapping issue remains problematic for the GOJ. Hun Sen opined that Kim Jong Il's style of governance is no different than that of his father, Kim Il Sung, whom he replaced in 1994. However, the Cambodian leader observed that there is no heir apparent to Kim Jong Il, and predicted a real change in North Korea once Kim Jong Il passes from the political scene -- just as there

will be in Cuba once Castro dies, he added.

Elections

13. (C) Hun Sen said that he was pleased with the recent commune council elections, adding that the lower voter turnout has yet to be properly analyzed and explained. The PM offered that some voters -- particularly women and those working in the service sector -- may have been unwilling to vote and stain their fingers with the indelible ink. He mentioned the problems with assembling the voters list and the number of ghost voters whose names remain on the voter rolls. The Japanese government has suggested that the RGC consider a different computer program for compiling the names of voters, and one that could interface with other RGC public records (e.g., if a death certificate is filed for a person, that voter's name is automatically removed from the voter rolls). Another problem centered on the time of the year, with the elections falling during the dry season when many workers are in other provinces as guest laborers and are unwilling or unable to come back to their districts to vote.

14. (C) The PM predicted that voter turnout would increase in July 2008 during the national elections, as agricultural workers will be back in their home provinces looking after their own fields at that time. The PM added that 2008 will also be a year for a national census, and the RGC is anticipating that the Cambodian population will register an estimated 14 million people. He praised the work of the National Election Committee (NEC) in organizing the commune elections, and in the NEC's use of radio and television to educate people about the importance of voting. Comparing

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Cambodia to Thailand, the PM said that Cambodia's democracy had matured, with regular elections scheduled while their neighbor to the west does not yet have a date for future elections.

US-Cambodian Relations, ASEAN, Debt

15. (C) DAS John congratulated the PM on the improved state of bilateral relations over the past year and a half. He noted that the USG would like to see increased direct foreign investment in the country, which would create the jobs needed to keep democracy moving forward. Cambodia should pay closer attention to its international image, he advised, as image plays an important component in investors' decisions and can help attract investment. When the U.S. talks about internal issues in Cambodia, DAS John continued, it is not designed to criticize the Cambodia government but rather to encourage the RGC to be more concerned with its image.

16. (C) The USG wants to expand cooperation in ASEAN, said John, whose previous stop was in Singapore. There, he was struck by how much the USG is doing under the Enhanced Partnership with ASEAN; more than China -- DAS John added, but without as much credit. The U.S. supports narrowing the development gap between ASEAN countries; and in trade, health, and the social arena, the USG is doing more ASEAN-wide, said John. The PM agreed that the US-ASEAN partnership has worked well, and geographical proximity is not as important as the substance of the relationship.

17. (C) Hun Sen said that USG-RGC relations have grown over the past three years, and the recent arrival of Peace Corps volunteers is testament to the positive bilateral relationship. Cambodia is interested in greater trade and development, and the PM hopes there will be more partnerships with the U.S. in these areas. Chevron has played a role in oil and gas exploration, which the RGC hopes will move into the exploitation phase soon.

18. (C) On the bilateral debt, the PM acknowledged that

Cambodia has an obligation to repay the money and hopes that both sides can reach agreement soon. He noted that the USG negotiation has progressed further than Cambodia's talks with Russia, and that repayments to the U.S. would not affect macro-economic stability. The PM said that Moscow wants Cambodia to repay all of its debt before the GOR will permit the IMF to begin a Poverty Reduction and Growth Facility (PGRF) program; this would be detrimental to the country's economy. In addition, the loans from Russia initially came as interest-free loans; now the Russians want to apply commercial interest rates to their repayment, he said.

Burma

¶9. (C) On Burma, DAS John said that the USG had pressed for UNSC action on Burma but Russia and China had vetoed the draft resolution. The U.S. continues to believe that the UN needs to play a role on Burma, he added. Recalling the PM's January conversation with PDAS Stephens (reftel) in which Hun Sen indicated that he had accepted an invitation from the regime to visit Burma, John said the USG would welcome RGC reinforcement of U.S. policy regarding political prisoners and the role of an opposition, the national convention, draft constitution, and UN/NGO freedom to operate. John emphasized that Cambodia is in a good position to explain how much a country can benefit from making progress in all these areas. The U.S. wants to change the dynamic with its relationship with Burma, and try to move to a more positive track, said John.

¶10. (C) Hun Sen responded that Burma has been an irritant in US-ASEAN relations as well as ASEAN's relations with Europe. The PM plans to visit Burma from May 21-13, with the Foreign Minister going there during the first week of May to preview the PM's meetings and plan for Hun Sen's trip. Hun Sen explained that he originally planned to visit Burma in conjunction with a trip to India or Japan, but his plans have since changed. The Burmese Prime Minister recently sent a special envoy to Phnom Penh with a letter of invitation, said the PM, who added that the letter was not necessary since he already had a standing invitation from Than Shwe. The PM said he plans to quietly talk with the Burmese leadership,

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and that he understands the psychology of the military. Militaries like those in Burma do not appreciate international pressure, particularly from the major world powers; Hun Sen said they prefer speaking with smaller nations. Thailand currently cannot speak to the Burmese military because of the Thai coup d'etat.

¶11. (C) The PM promised to push the road map and all the USG points raised by DAS John. He indicated a desire to visit Aung San Sui Kyi, and FM Hor Namhong will request that Hun Sen meet with ASSK during his trip. The PM said that even if there is no release, it would be a good gesture on the part of the regime if Hun Sen is allowed to see her. Hun Sen said he remains undecided about the scope of his meetings and how broad they should be, but is inclined to use private meetings for the tougher messages. Any public discussion that could cause a loss of face to the Burmese leadership will not be productive, he noted. The regime has taken note of Cambodia's National Assembly forming a Burma Caucus, said Hun Sen, and understands Cambodia's position on Burma.

¶12. (C) Burma can move forward, underscored Hun Sen, but one needs to find a way for the regime to do so without pushing too hard. In that event, Cambodia's efforts will not succeed, serving to push the regime closer to China and India and perhaps force a split within ASEAN, he said. The key to democratic progress is proper balance and a better understanding of the situation and the leadership dynamic in Burma, maintained Hun Sen. Burma has disturbed relations within ASEAN and with ASEAN partners, he continued, and Cambodia -- along with Laos and Vietnam -- have suffered.

DAS John shared the PM's frustration for the problems created by Burma at ASEAN gatherings, adding that President Bush regretted being unable to include Laos and Cambodia in Hanoi on the margins of the APEC Summit. In response to the PM's question regarding preparations for the US-ASEAN Summit, John said that planning is underway but no firm decisions have yet been made. Hun Sen said he understood the difficulty in trying to find a suitable date and venue; the PM added that Cambodia would agree to a joint statement on the Korean peninsula.

DAS John Meeting with Foreign Minister Hor Namhong

¶13. (C) DAS John opened his meeting later on April 6 with Foreign Minister Hor Namhong by noting how much US-Cambodian relations had improved since his last visit to Cambodia one year ago. Washington sees Cambodia as an important partner in the region and in organizations like the UN and ASEAN. Hor Namhong thanked the U.S. for its wide-ranging assistance, and was especially enthusiastic about the new Peace Corps volunteers. On the recent elections, the Foreign Minister said he was disappointed by the relatively low voter turnout, which he believed may be due to a combination of technical problems, migration during the dry season, and less enthusiasm for commune vs. national elections. The Ambassador expressed concern over a three-week-old request from UNHCR to bring Montagnards in Ratanakiri to Phnom Penh for interviews and assistance, noting that if permission was not granted soon, staff would not be able to travel until after Khmer New Year.

¶14. (C) The Foreign Minister was very engaged on ASEAN topics, and indicated that he would particularly welcome the appointment of a U.S. Ambassador to ASEAN and U.S. accession to the Treaty of Amity and Cooperation (TAC). DAS John noted that the USG, and particularly the Defense Department, had concerns about parts of the treaty that might constrain U.S. foreign policy. However, he noted that the USG attitude toward a potential TAC had changed over the past several years, from one of focusing on the reasons why it wasn't possible to now looking for ways to address potential problems preventing the U.S. from signing. DAS John encouraged the Cambodian government to suggest ways that ASEAN could narrow the development gap among member countries. He also expressed hope that the ASEAN Charter would provide a mechanism for ASEAN to move forward on developing an integrated economic policy. Hor Namhong said that the Prime Minister will speak frankly with Burmese leaders about how opening their society and democratizing is in the interest of Burma and all of ASEAN, and would hold up Cambodia as an example of a country that has succeeded at national reconciliation. Hor Namhong outlined Cambodia's

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main challenges as ASEAN integration, using economic development to reduce poverty, and improving relations with the U.S.

¶15. (U) DAS John did not have an opportunity to clear this message before departure.
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